

**TOWN OF GRANITE  
GRANITE, OKLAHOMA**

**AGREED UPON PROCEDURES  
AND ACCOMPANYING  
INDEPENDENT ACCOUNTANT'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2022**

**TOWN OF GRANITE, OKLAHOMA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Institute of Certified  
Public Accountants

Members of Oklahoma  
Society of Certified  
Public Accountants

## Practitioner's Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Granite  
Granite, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

We have performed the procedures enumerated below as defined within the applicable state laws of the State of Oklahoma solely to assist the Town of Granite, Oklahoma (the "Town") and Utility Fund in meeting its financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2022. Management of the Town is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting its financial accountability requirements as prescribed in Oklahoma Statutes 11-17.105-.107 and 60-180.1-.3. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

### **Procedures and Findings**

As to the Town of Granite as of and for the fiscal year ended June 30, 2022:

- I. **Procedures Performed:** Prepare a schedule of changes in fund balances for each fund from the Town's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** See Exhibit I. No instances of noncompliance noted.

- II. **Procedures Performed:** Prepare a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund and compare the actual expenditures reported to the authorized appropriations to report any noted instances on noncompliance with the appropriation limitations.

**Findings:** See Exhibit II. RSM noted the following based upon procedures performed:

- The Ambulance department was over budget in the amount of \$12,642. The FY22 approved budgeted amount per the Estimate of Needs for the Ambulance department was \$24,000 and the Town expended \$36,642 in FY22.

**Recommendation:** The Town should evaluate budgeted amounts with actual amounts expended each month and budget amendments should be adopted by the Board prior to the end of the fiscal year.

- III. **Procedures Performed:** Agree the Town's material bank account balances to bank statements and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** RSM noted the following based upon procedures performed:

- Financial activity for the fiscal year for the Staff Account, Senior Citizens Meals, Granite Food Bank, and Fire Association were not posted to the financial accounting system.
- Bank Reconciliations for all Town accounts were not performed after November 30, 2021.
- Seven bank accounts were understated in the Town's financial accounting system with a total of \$33,546.17 in unreported deposits.
- One bank account was overstated by \$10,000 in the Town's financial account system.

**Recommendation:** The Town should maintain proper controls to ensure all accounts are recorded accurately on the general ledger and reconciled timely in the appropriate accounting system.

- IV. **Procedures Performed:** Compare the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** RSM noted the following based upon the procedures performed:

- The Town's reconciled cash balances with First National Bank (now Sovereign Bank) on June 30, 2022, were \$678,730, with \$500,000 of FDIC insurance coverage in place. This left the Town with \$178,730 in cash balances uninsured.

**Recommendation:** The Town should compare reconciled cash balances with pledged collateral monthly. For any amounts over the FDIC coverage, additional collateral should be obtained. As of August 9, 2023, Sovereign Bank (formerly First National Bank) is in process of issuing a letter of credit to cover the Town's deposits.

- V. **Procedures Performed:** Compare use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance noted.

- VI. **Procedures Performed:** Compare the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance noted.

- VII. **Procedures Performed:** Compare the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

**Findings:** No such compliance requirements were identified that were applicable to the Town.

As to the Granite Utility Fund, as of and for the year ended June 30, 2022:

- I. **Procedures Performed:** Prepare a schedule of revenues, expenditures, and changes in fund balance-cash basis from the Utility Fund's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** See Exhibit III. No instances of noncompliance noted.

- II. **Procedures Performed:** Agree the Utility Fund's material bank account balances to bank statements and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** RSM noted the following based upon procedures performed:

- Bank reconciliations for the PWA accounts were not performed after November 1, 2021.
- The financial accounting system had one PWA account overstated by \$20,038.
- The financial accounting system had one PWA account understated by \$26,923.

**Recommendation:** The Town should maintain proper controls to ensure all accounts are recorded accurately on the general ledger and reconciled timely in the appropriate accounting system.

- III. **Procedures Performed:** Compare the Utility Fund's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** RSM noted the following based upon the procedures performed:

- The Town's reconciled cash balances with First National Bank (now Sovereign Bank) on June 30, 2022, were \$678,730, with \$500,000 of FDIC insurance coverage in place. This left the Town with \$178,730 in cash balances uninsured.

**Recommendation:** The Town should compare reconciled cash balances with pledged collateral monthly. For any amounts over the FDIC coverage, additional collateral should be obtained. As of August 9, 2023, Sovereign Bank (formerly First National Bank) is in process of issuing a letter of credit to cover the Town's deposits.

- IV. **Procedures Performed:** Compare the Utility Fund's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance noted.

- V. **Procedures Performed:** Compare the accounting for the Utility Fund's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance noted.

- VI. **Procedures Performed:** Compare the Utility Fund's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance noted.

We were engaged by the Town to perform this agree-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed in Oklahoma Statutes 11-17.105-.107 and 60-180.1-.3. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, to meet the requirements prescribed in Oklahoma

Statutes 11-17.105-.107 and 60-180.1.-3. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than those specified parties.



**rsmeacham**  
CPA - ADVISORS

Clinton, Oklahoma  
August 9, 2023

**EXHIBIT I**

**TOWN OF GRANITE, OKLAHOMA**  
**SUMMARY OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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	<b>Beginning of Year Fund Balance</b>	<b>Prior Period Adjustments</b>	<b>Current Year Change</b>	<b>End of Year Fund Balance</b>
<b>TOWN OF GRANITE, OK</b>				
General Fund	\$ 948,017	\$ (925,383) *	285,327	\$ 307,961
Public Works Authority	\$ 2,151,124	(1,413,930) *	(47,011)	\$ 690,183

*\*restated largely related to capital assets & adjustments to accounts payable.*

## EXHIBIT II

**TOWN OF GRANITE, OKLAHOMA**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Approved Estimate of Needs	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 59,814	\$ 948,017	\$ 888,203
<b>Resources (Inflows):</b>			
Sales Tax	203,178	240,027	36,849
Police Fines	8,314	8,656	342
Charges for Services	9,739	12,715	2,976
Swimming Pool	717	2,318	1,601
Fire Truck	5,000	11,846	6,846
Grant Income	52,500	177,163	124,663
Donations	-	3,643	3,643
Sales of Assets	27	6,077	6,050
Interest Income	-	2,669	2,669
Miscellaneous Income	37,407	218,414	181,007
Transfer In - Utility Fund	530,000	194,604	(335,396)
<b>Total current year resources</b>	<u>846,882</u>	<u>878,132</u>	<u>31,250</u>
<b>Amounts available for appropriation</b>	<u>\$ 906,696</u>	<u>\$ 1,826,149</u>	<u>\$ 919,453</u>
<b>Charges to Appropriations (Outflows):</b>			
<b>General Government:</b>			
General Government Dept.	223,272	115,887	107,385
Police Dept.	347,531	321,850	25,681
Fire Dept.	53,341	52,880	461
Ambulance	24,000	36,642	(12,642)
Street Dept.	100,000	27,434	72,566
Park & Pool Dept.	41,238	19,762	21,476
Cemetery Maintenance	7,500	5,978	1,522
Senior Citizens	20,000	14,642	5,358
Community Events	5,000	3,145	1,855
Library	20,000	4,708	15,292
Headstart Building	2,500	450	2,050
Animal Welfare	2,500	1,133	1,367
Transfer Out - Street	-	(11,706)	11,706
<b>Total General Government</b>	<u>846,882</u>	<u>592,805</u>	<u>254,077</u>
<b>Total Charges to Appropriations</b>	<u>846,882</u>	<u>592,805</u>	<u>254,077</u>
<b>Change in Fund Balance</b>	-	285,327	(285,327)
<b>Prior Period Adjustment - Modified Cash Basis</b>	-	(925,383)	-
<b>Ending Budgetary Fund Balance</b>	<u>\$ 59,814</u>	<u>\$ 307,961</u>	<u>\$ 1,173,530</u>



**EXHIBIT III**

**TOWN OF GRANITE, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**  
**UTILITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**Operating Revenues:**

## Charges for services:

Sewer	\$ 50,524
Water	184,624
Trash	150,827
Gas	301,254
Electric	811,806
Excess Wind Energy Sales	28,238
Other Utility Revenues	25,825
<b>Total Operating Revenues</b>	<u>1,553,098</u>

**Operating Expenses:**

Sewer	15,040
Water	229,238
Trash	141,727
Gas	190,770
Electric	674,945
<b>Total Operating Expenses</b>	<u>1,251,720</u>

Net Operating Income	\$ 301,378
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**Non-Operating Revenues/(Expenses):**

Interest Income	85
Admin	(155,037)
Transfer Out to General Fund	(194,604)
<b>Total Non-Operating Revenues/(Expenses)</b>	<u>(349,556)</u>

<b>Change in Fund Balance</b>	\$ (48,178)
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<b>Fund Balance - Beginning - Restated</b>	<u>756,993</u>
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<b>Fund Balance - Ending</b>	<u>\$ 708,815</u>
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